

PIEDMONT TECHNICAL COLLEGE

**Audited Financial Statements and Other Financial Information
Year Ended June 30, 2009
With
Independent Auditor's Report**

PIEDMONT TECHNICAL COLLEGE

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June 30, 2009

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PIEDMONT TECHNICAL COLLEGE

Organizational Information

June 30, 2009

<u>PIEDMONT TECHNICAL EDUCATION COMMISSION</u>	<u>Office</u>	<u>Term Expires</u>	<u>County Represented</u>
William A. Whitfield	Chairman	2011	Saluda
Randy E. Garrett	Vice Chairman	2010	Laurens
Jane J. Herlong	Secretary	2013	Edgefield
Y. J. Ahn	Member	2012	Greenwood
Cherry Houston Brown	Member	2011	McCormick
George P. Cone, Jr., MD	Member	2013	Greenwood
Emma Goodwin	Member	2010	Abbeville
Stephen M. Lamb	Member	2011	Laurens
Peter J. Manning	Member	2011	Greenwood
H. George Piersol, II	Member	2009*	Newberry
Rufus C. Sherard	Member	2010	Abbeville
William I. West	Member	2009*	Greenwood

*pending re-appointment
by the Governor's Office

KEY ADMINISTRATIVE STAFF

L. Rayburn Brooks, Ed.D.	President
James S. Klauber, Esq.	Senior Vice President
Susan G. Timmons	Vice President for Academic Affairs
Rebecca R. McIntosh	Vice President of Student Development
K. Paige Childs, CPA	Vice President of Business and Finance

AREA SERVED BY THE COMMISSION

Counties of:	Abbeville, Edgefield, Greenwood, Laurens, McCormick, Newberry and Saluda
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ENTITIES PROVIDING FINANCIAL SUPPORT FOR THE INSTITUTION

Counties of:	Abbeville, Edgefield, Greenwood, Laurens, McCormick, Newberry and Saluda
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S.C. State Budget and Control Board
U.S. Department of Education
U.S. Department of Labor

DELOACH & WILLIAMSON, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT OF INDEPENDENT AUDITORS

Members of the Area Commission for Piedmont Technical College
Piedmont Technical College
Greenwood, South Carolina

We have audited the accompanying basic financial statements of Piedmont Technical College, (the "College") a member institution of the South Carolina Technical College System, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the component unit, Piedmont Technical College Foundation (the "Foundation"), which statements reflect total assets of \$10,840,347 as of June 30, 2009 and total revenue of \$3,642,822 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the basic financial statements referred to above present fairly, in all material respects, the financial position of Piedmont Technical College at June 30, 2009, and the results of its operations and the cash flows of its business type activity for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 15, 2009, on our consideration of the College's internal control over financial reporting and our tests of its compliance with provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

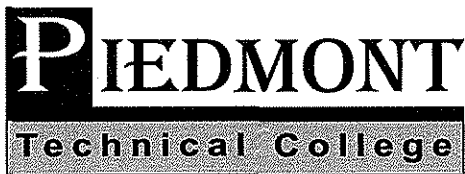
Management's Discussion and Analysis is not a part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Piedmont Technical College taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the College's basic financial statements. The other financial information as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Rebeck & Williamson, L.L.P.

September 15, 2009



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MANAGEMENT DISCUSSION AND ANALYSIS

We present management's discussion and analysis of the College's financial performance during the fiscal year ended June 30, 2009 to assist the reader in understanding the College's operations. This discussion should be read in conjunction with the financial statements and the accompanying note disclosures.

Financial Highlights

- The assets of Piedmont Technical College exceeded its liabilities at June 30, 2009 by \$32,642,276. Of this amount, \$9,021,308 may be used to meet the College's ongoing obligations.
- The College's net assets, after restatement, increased by \$1,009,751 or 3.2%, primarily due to increases in operating revenues and controlled spending.
- The College operates in a debt free environment.
- The College experienced an operating loss of \$9,925,957 as reported in the Statement of Revenues, Expenses, and Changes in Net Assets. However, this operating loss was offset by State appropriations of \$7,729,418, local appropriations of \$2,205,696 and other non-operating revenues.

Overview of the Financial Statements

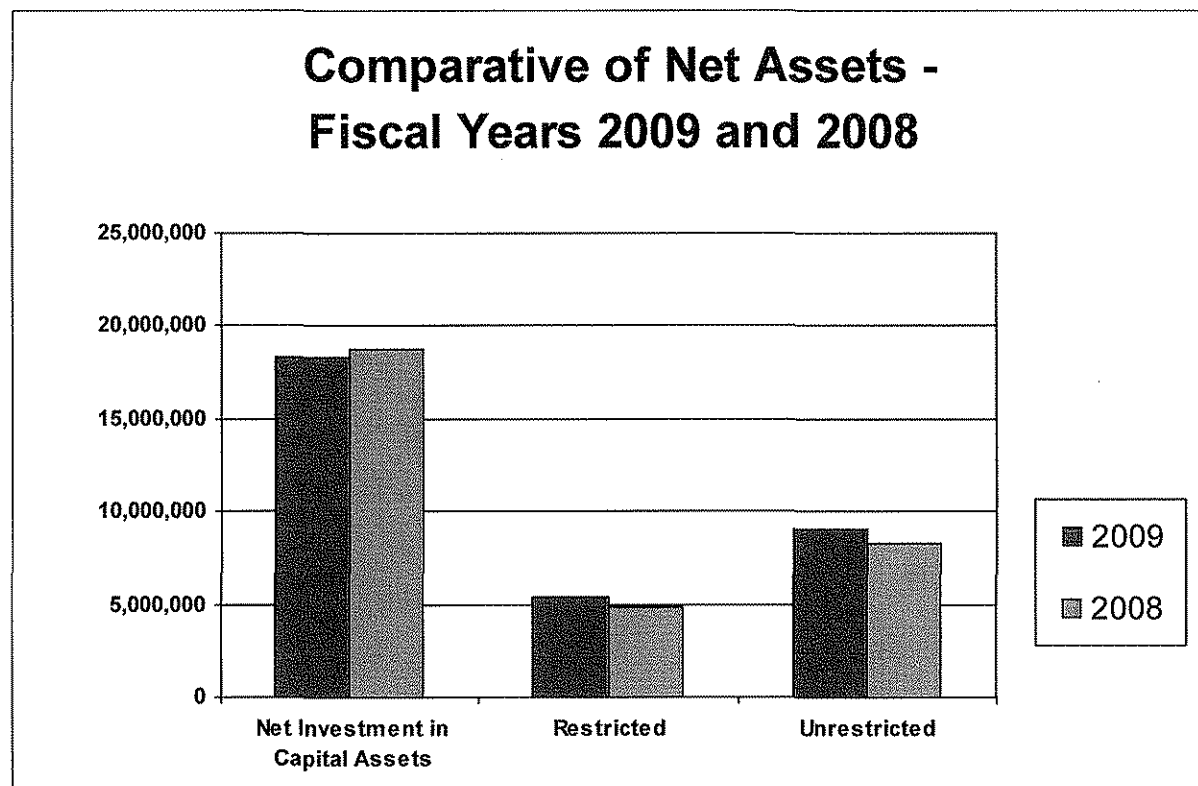
The College is engaged only in Business -Type Activities (BTA) financed in part by fees charged to students for educational services. Accordingly, its activities are reported using the three financial statements required for proprietary funds: Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; and Statement of Cash Flows.

The Statement of Net Assets is a point-in-time financial statement that presents the financial position of the College at the end of the fiscal year and classifies assets and liabilities into current and non-current components. The difference between total assets and total liabilities is net assets, which are displayed in three broad categories: invested in capital assets (net of related debt), restricted, and unrestricted. Net Assets is one indicator of the current financial condition of the College, while the change in net assets is an indicator that the overall financial condition has improved or worsened during the year.

The Statement of Revenues, Expenses, and Changes in Net Assets is basically a statement of net income that presents the College's results of operations. Revenues and expenses are categorized by operating and non-operating, and expenses are reported by natural classification.

The Statement of Cash Flows will aid readers in identifying the sources and uses of cash by the major categories of operating, non-capital financing, capital and related financing, and investing activities. This statement also emphasizes the College's dependence on State and County appropriations by separating them from operating cash flows.

Financial Analysis of the College as a whole



The following schedule is a condensed version of the College's assets, liabilities and net assets and is prepared from the Statement of Net Assets.

Net Assets As of June 30 (in millions)				
	<u>FY 2009</u>	<u>FY 2008</u>	<u>Increase/ Decrease</u>	<u>Percent Change</u>
Current Assets	\$ 18.4	\$ 16.8	\$ 1.6	9.5%
Noncurrent Capital Assets, Net	<u>18.3</u>	<u>18.8</u>	<u>(0.5)</u>	<u>-2.7%</u>
Total Assets	<u>36.7</u>	<u>35.6</u>	<u>1.1</u>	<u>3.1%</u>
Current Liabilities	3.3	2.9	0.4	13.8%
Non-Current Liabilities	<u>0.8</u>	<u>0.8</u>	<u>-</u>	<u>0.0%</u>
Total Liabilities	<u>4.1</u>	<u>3.7</u>	<u>0.4</u>	<u>10.8%</u>
Net Assets				
Invested in Capital Assets	18.3	18.8	(0.5)	-2.7%
Restricted	5.3	4.8	0.5	10.4%
Unrestricted	<u>9.0</u>	<u>8.3</u>	<u>0.7</u>	<u>8.4%</u>
Total Net Assets	<u>\$ 32.6</u>	<u>\$ 31.9</u>	<u>\$ 0.7</u>	<u>2.2%</u>

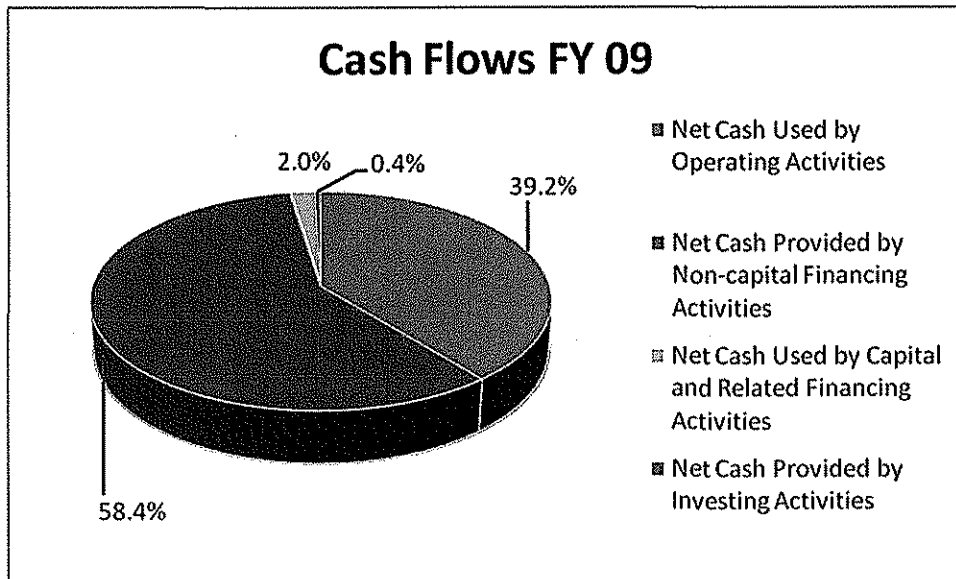
This schedule is prepared from the College's Statement of Net Assets, (page 12) which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated. Total net assets at June 30, 2009 increased to 32.6 million from 31.9 million in fiscal year 2008.

The Change in Net Assets is shown on page 10 in the Analysis of Net Assets chart. Net assets may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets exceeded liabilities by \$32,642,276 at the close of the most recent fiscal year.

By far the largest portion of the College's net assets (56 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The College uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

Approximately 16 percent of the College's net assets represent resources that are subject to external restrictions on how they may be used. *Unrestricted net assets* of \$9,021,308 or approximately 28 percent may be used to meet the College's ongoing obligations.

Cash increased by \$3,045,157. Overall cash provided from non-capital financial activities included state and local appropriations, grants and gifts, and other income of approximately \$10.2 million, which were used to fund operating activities.



The following schedule is a summary of the College's operating results for the fiscal year:

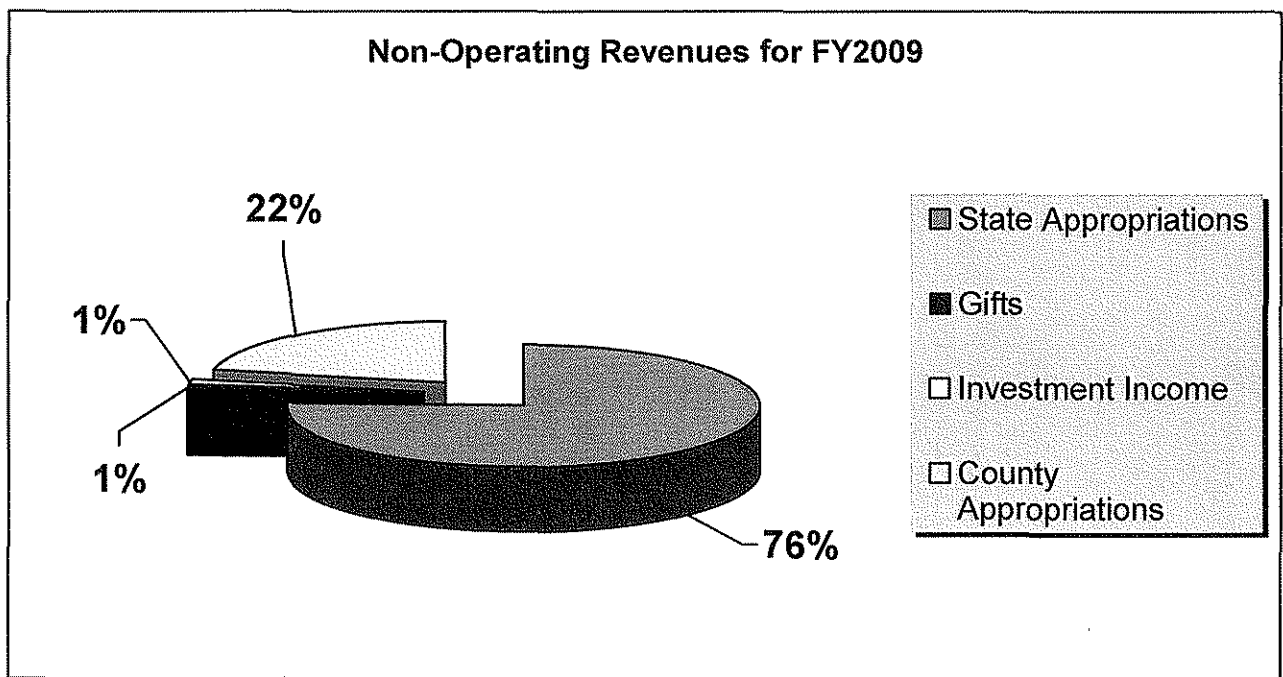
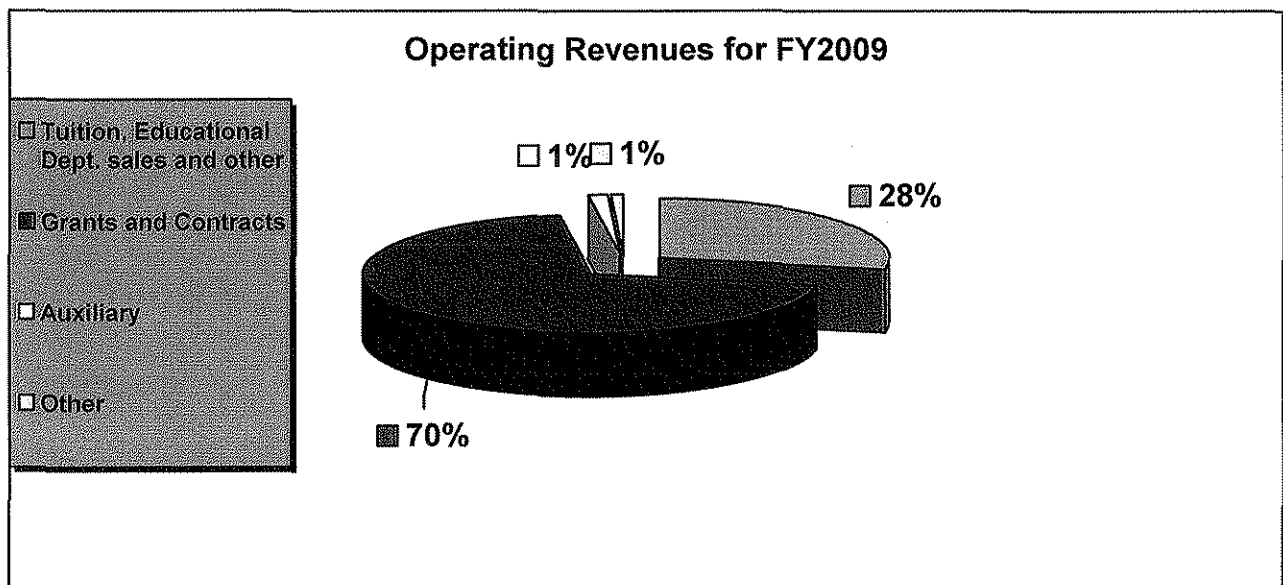
Operating Results
(in millions)

	<u>FY 2009</u>	<u>FY 2008</u>	<u>Increase/ Decrease</u>	<u>Percent Change</u>
Operating Revenue				
Tuition and Fees	\$ 7.0	\$ 6.9	\$ 0.1	1.4%
Grants and Contracts	17.6	16.2	1.4	8.6%
Auxiliary	0.3	0.3	-	0.0%
Other	0.2	0.4	(0.2)	-50%
Total Operating Revenues	<u>25.1</u>	<u>23.8</u>	<u>1.3</u>	<u>5.5%</u>
Less Operating Expenses	<u>35.1</u>	<u>34.3</u>	<u>0.8</u>	<u>2.3%</u>
Net Operating Loss	<u>(10.0)</u>	<u>(10.5)</u>	<u>0.5</u>	<u>-4.8%</u>
Non-Operating Revenue				
State Appropriations	7.7	9.9	(2.2)	-22.2%
Local Appropriations	2.2	2.1	0.1	4.8%
Other	0.3	0.4	(0.1)	-25.0%
Total Non-Operating Revenue	<u>10.2</u>	<u>12.4</u>	<u>(2.2)</u>	<u>-17.7%</u>
Income Before Other Revenues, Expenses, Gains or Losses	0.2	1.9	(1.7)	-89.5%
Other Revenues, Expenses, Gains or Losses	0.8	0.7	0.1	14.3%
Net Assets, Beginning of Year, Restated	<u>31.6</u>	<u>29.3</u>	<u>2.3</u>	<u>7.8%</u>
Net Assets, End of Year	<u>\$ 32.6</u>	<u>\$ 31.9</u>	<u>\$ 0.7</u>	<u>2.2%</u>

A large portion of the revenue included in the Grants and Contracts category represents student financial assistance, which is used to pay tuition and fees for students to attend the College. An approximation of tuition and fees paid from this source of funds has been recognized as a reduction of tuition and fees in the form of scholarship allowances in order to eliminate duplication of revenues.

The following are graphic illustrations of revenues by source:

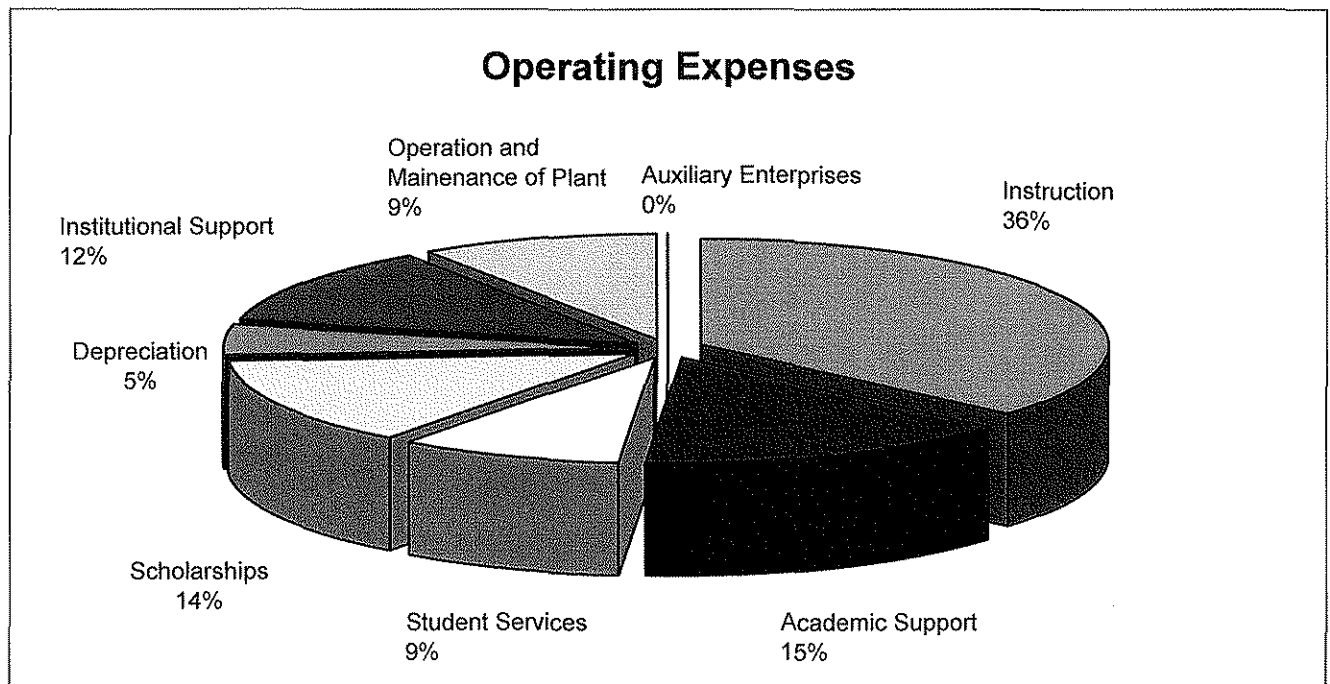
Revenues by Source



Operating Expense (in millions)				
	<u>FY 2009</u>	<u>FY 2008</u>	<u>Increase/ Decrease</u>	<u>Percent Change</u>
Operating Expense				
Instruction	\$ 12.8	\$ 12.8	\$ -	0.0%
Academic Support	5.2	5.9	(0.7)	-11.9%
Student Services	3.1	2.6	0.5	19.2%
Operation and Maintenance	3.3	3.3	-	0.0%
Instructional Support	4.3	5.1	(0.8)	-15.7%
Scholarships	4.8	3.1	1.7	54.8%
Auxiliary Enterprises	-	-	-	0.0%
Depreciation	1.6	1.5	0.1	6.7%
Total Operating Expense	<u>\$ 35.1</u>	<u>\$ 34.3</u>	<u>\$ 0.8</u>	<u>2.3%</u>

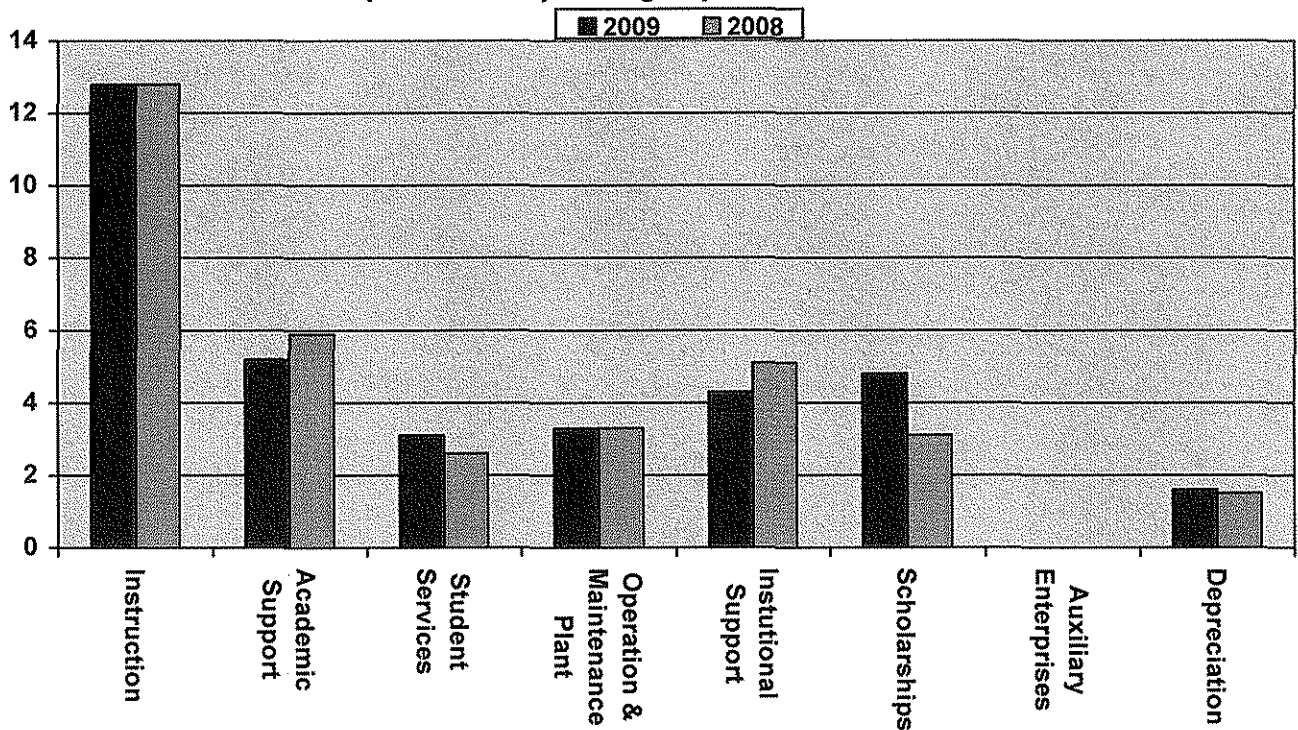
Overall operational expenditures increased 2.3% for the current fiscal year. The increase is a result of the College's continued efforts to provide our students with the best educational environment possible through improved student services, increased opportunities and programs.

The following is a graphic of operating expenses:



In excess of \$18,026,586 or 51%, of the College's operating expenses occurred in the instruction and academic support classifications.

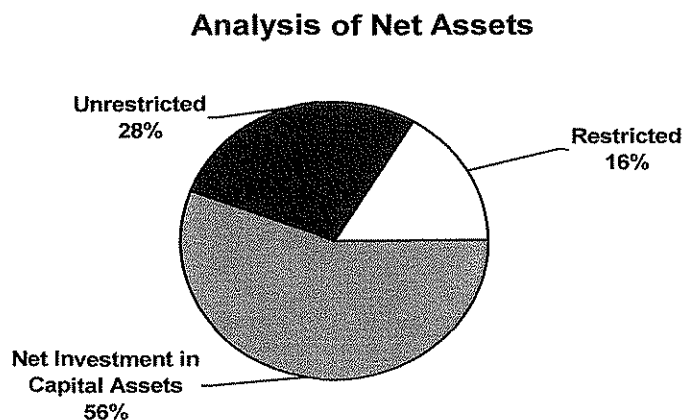
Comparison of Operating Expenses for Fiscal Years 2009 and 2008



Analysis of Net Assets (in millions)

	<u>FY 2009</u>	<u>FY 2008</u>	<u>Increase/ Decrease</u>	<u>Percent Change</u>
Invested in Capital Assets	\$ 18.3	\$ 18.8	\$ (0.5)	-2.7%
Restricted	5.3	4.8	0.5	10.4%
Unrestricted	9.0	8.3	0.7	8.4%
Total Net Assets	<u>\$ 32.6</u>	<u>\$ 31.9</u>	<u>\$ 0.7</u>	<u>2.2%</u>

The following is a graphic illustration of net assets:



Economic Factors

The current recession has impacted the college through reductions in state funding for current operations. Reductions in state operational funding in excess of 25% affected current operations with additional cuts projected for next year. As during past recessions, student enrollment has increased at a faster pace than in good economic times, requiring greater expenditures for services rendered. The College continues to offer tuition rates that are appealing to students, and management believes the College's financial health will remain stable. The fiscal improvement during 2008-2009 enhanced the College's financial position, and management believes the College is well positioned to continue to maintain and provide sufficient resources to successfully serve its students.

Component Units

Piedmont Technical College includes the financial statements of the Piedmont Technical College Foundation within the financials of the College in accordance with GASB Statement No. 34 paragraph 10. Financial statements for the Foundation can be obtained by mailing a request to Piedmont Technical College Foundation, P.O. Box 1467, Greenwood, SC, 29648.

Sincerely,



Dr. Luther R. Brooks
President



K. Paige Childs
Vice President of Business and Finance

PIEDMONT TECHNICAL COLLEGE
Statement of Net Assets
June 30, 2009
(with comparative amounts for the year ended June 30, 2008)

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 1)	\$ 14,646,471	\$ 11,601,314
Certificates of deposit (Note 3)	1,649,052	1,593,145
Accounts receivable (Note 4)	2,115,875	3,325,089
Other assets	49,985	42,870
Total current assets	<u>18,461,383</u>	<u>16,562,418</u>
NON-CURRENT ASSETS		
Non-depreciable capital assets (Note 5)	393,139	300,881
Capital assets, net of accumulated depreciation (Note 5)	<u>17,872,037</u>	<u>18,468,119</u>
Total non-current assets	<u>18,265,176</u>	<u>18,769,000</u>
Total Assets	<u>36,726,559</u>	<u>35,331,418</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable (Note 11)	534,559	625,490
Long term liabilities - current portion (Note 12)	507,878	489,945
Deferred revenue	<u>2,269,770</u>	<u>1,822,073</u>
Total current liabilities	<u>3,312,207</u>	<u>2,937,508</u>
NON-CURRENT LIABILITIES		
Accrued compensated absences (Note 12)	<u>772,076</u>	<u>761,385</u>
Total non-current liabilities	<u>772,076</u>	<u>761,385</u>
Total Liabilities	<u>4,084,283</u>	<u>3,698,893</u>
NET ASSETS		
Invested in capital assets, net of related debt	18,265,176	18,769,000
Restricted for:		
Expendable:		
Capital improvements	5,355,792	4,835,132
Unrestricted	<u>9,021,308</u>	<u>8,028,393</u>
Total Net Assets	<u>\$ 32,642,276</u>	<u>\$ 31,632,525</u>

See accompanying notes

PIEDMONT TECHNICAL COLLEGE
Non-governmental Discretely Presented Component Unit
Statement of Financial Position
Piedmont Technical College Foundation
June 30, 2009
(with comparative amounts for the year ended June 30, 2008)

ASSETS

	2009	2008
Current Assets		
Cash and cash equivalents	\$ 147,836	\$ 105,301
Investments	1,623,541	1,470,643
Pledges receivable, net of allowance for uncollectible pledges of \$0	197,550	270,895
Grant receivable	206,057	-
Construction in progress	96,926	174,441
Total current assets	<u>2,271,910</u>	<u>2,021,280</u>
Property, furniture and equipment, net of accumulated depreciation of \$905,178	<u>7,489,070</u>	<u>4,958,982</u>
Other Assets		
Endowment investments	561,938	992,044
Pledges receivable, net of allowance for uncollectible pledges of \$0	213,632	362,666
Cash surrender value of life insurance	303,797	196,692
Total other assets	<u>1,079,367</u>	<u>1,551,402</u>
Total assets	<u>\$ 10,840,347</u>	<u>\$ 8,531,664</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Current portion of notes payable	\$ 851,285	\$ 356,389
Accounts payable and accrued liabilities	218,713	23,334
Total current liabilities	<u>1,069,998</u>	<u>379,723</u>
Long-term Liabilities		
Annuity payable	62,098	68,017
Notes payable	-	696,365
Total long-term liabilities	<u>62,098</u>	<u>764,382</u>
Total liabilities	<u>1,132,096</u>	<u>1,144,105</u>
Net Assets		
Unrestricted	8,032,283	4,837,746
Temporarily restricted	1,114,030	1,557,769
Permanently restricted	561,938	992,044
Total net assets	<u>9,708,251</u>	<u>7,387,559</u>
Total liabilities and net assets	<u>\$ 10,840,347</u>	<u>\$ 8,531,664</u>

See accompanying notes

PIEDMONT TECHNICAL COLLEGE
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2009
(with comparative amounts for the year ended June 30, 2008)

	2009	2008
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowances of \$8,783,370)	\$ 7,031,538	\$ 6,919,250
Federal grants and contracts	11,606,120	9,966,790
State grants and contracts	5,377,605	5,150,072
Non-governmental contracts	572,319	784,648
Auxiliary enterprises	346,601	307,396
Other operating revenues	244,610	417,980
	<hr/>	<hr/>
Total Operating Revenues	25,178,793	23,546,136
	<hr/>	<hr/>
OPERATING EXPENSES		
Salaries	16,352,054	16,727,271
Benefits	4,399,576	4,354,820
Scholarships (net of scholarship allowances of \$8,783,370)	4,781,894	3,026,910
Utilities	603,034	631,724
Supplies and other services	7,374,406	8,048,312
Depreciation	1,593,786	1,544,892
	<hr/>	<hr/>
Total Operating Expenses	35,104,750	34,333,929
	<hr/>	<hr/>
Operating Loss	(9,925,957)	(10,787,793)
	<hr/>	<hr/>
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	7,729,418	9,960,694
County appropriations	2,205,696	2,115,234
Federal grants and contracts	-	-
State and local grants and contracts	-	12,386
Gifts	115,000	-
Interest income	133,377	347,644
Interest expense on capital asset-related debt	-	(356)
Net Non-operating Revenues	<hr/> 10,183,491	<hr/> 12,435,602
	<hr/>	<hr/>
Income Before Other Revenues, Expenses, Gains or Losses	257,534	1,647,809
	<hr/>	<hr/>
Capital donations	145,000	-
Capital grants - state	640,520	685,752
Loss on disposal of fixed assets	(33,303)	(978)
	<hr/>	<hr/>
Increase in Net Assets	1,009,751	2,332,583
	<hr/>	<hr/>
Net Assets - Beginning of Year, as Restated (Note 16)	31,632,525	29,299,942
	<hr/>	<hr/>
Net Assets - End of Year, as Restated	\$ 32,642,276	\$ 31,632,525
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See accompanying notes

PIEDMONT TECHNICAL COLLEGE
Non-governmental Discretely Presented Component Unit
Statement of Activities
Piedmont Technical College Foundation
For the Year Ended June 30, 2009
(with comparative amounts for the year ended June 30, 2008)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Combined Total 2009	Summary Total 2008
Revenues, Gains, and Other Support					
Contributions	\$ 47,457	\$ 114,070	\$ 3,110	\$ 164,637	\$ 400,639
Grant revenue	2,826,440	-	-	2,826,440	-
Discount Adjustment	-	-	-	-	21,506
Investment income	82,475	(209,394)	(44,446)	(171,365)	(70,995)
Planned giving income	1,735	-	-	1,735	9,610
Special events					
Golf tournament income	11,530	-	-	11,530	14,002
Cobra income	16,500	-	-	16,500	-
In-kind contributions	43,600	288,742	-	332,342	130,468
Distance learning revenue	418,100	-	-	418,100	433,000
Other income	112,925	-	-	112,925	80,670
Loss on sale of assets	(70,022)	-	-	(70,022)	-
Net assets released from restrictions	1,025,927	(637,157)	(388,770)	-	-
Total revenues, gains, and other support	<u>4,516,667</u>	<u>(443,739)</u>	<u>(430,106)</u>	<u>3,642,822</u>	<u>1,018,900</u>
Expenses					
Program services					
Distance learning program	101,287	-	-	101,287	164,786
Scholarships and grants	642,503	-	-	642,503	319,574
Other program services	107,856	-	-	107,856	92,818
Total program services	<u>851,646</u>	<u>-</u>	<u>-</u>	<u>851,646</u>	<u>577,178</u>
Support Services					
Management and general	350,278	-	-	350,278	335,784
Fundraising	120,206	-	-	120,206	80,872
Total support services	<u>470,484</u>	<u>-</u>	<u>-</u>	<u>470,484</u>	<u>416,656</u>
Total expenses	<u>1,322,130</u>	<u>-</u>	<u>-</u>	<u>1,322,130</u>	<u>993,834</u>
Change in net assets	3,194,537	(443,739)	(430,106)	2,320,692	25,066
Net Assets - beginning of year	<u>4,837,746</u>	<u>1,557,769</u>	<u>992,044</u>	<u>7,387,559</u>	<u>7,362,493</u>
Net Assets - end of year	<u>\$ 8,032,283</u>	<u>\$ 1,114,030</u>	<u>\$ 561,938</u>	<u>\$ 9,708,251</u>	<u>\$ 7,387,559</u>

See accompanying notes

PIEDMONT TECHNICAL COLLEGE
Statement of Cash Flows
For the Year Ended June 30, 2009
(with comparative amounts for the year ended June 30, 2008)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	\$ 7,978,618	\$ 7,655,391
Federal, State and Local Grants and Contracts	13,431,854	16,122,768
Auxiliary Enterprise Charges	346,601	307,396
Other Receipts	252,196	429,667
Payments to Vendors	(12,481,524)	(16,129,945)
Payments to Employees	(16,348,061)	(16,522,439)
Student Loan receipts from lenders	7,709,673	5,076,902
Disbursements to students on behalf of lenders	(7,657,272)	(5,076,902)
Net Cash Used by Operating Activities	<u>(6,767,915)</u>	<u>(8,137,162)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State Appropriations	7,725,755	9,846,945
County Appropriations	2,307,592	2,115,234
State, Local and Federal Grants, Gifts and Contracts - Non-Operating	-	12,385
Other non-operating receipts	40,000	-
Net Cash Provided by Non-capital Financing Activities	<u>10,073,347</u>	<u>11,974,564</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
County Appropriations	-	98,463
Federal, State and Other Grants for Capital	785,520	685,752
Purchase of Capital Assets	(1,123,267)	(1,496,706)
Principal Paid on Capital Debt	-	(20,876)
Interest Paid on Capital Debt	-	(356)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(337,747)</u>	<u>(733,723)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	133,377	346,100
Purchase of Investments	(1,704,957)	(1,591,602)
Proceed from maturity of certificates	1,649,052	-
Net Cash Provided (Used) by Investing Activities	<u>77,472</u>	<u>(1,245,502)</u>
Net Increase in Cash	3,045,157	1,858,177
Cash - Beginning of Year	11,601,314	9,743,137
Cash - End of Year	<u>\$ 14,646,471</u>	<u>\$ 11,601,314</u>
Reconciliation of Net Operating Revenue (Expenses) to Net Cash Used by Operating Activities:		
Operating Loss	\$ (9,925,957)	\$ (10,787,793)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation Expense	1,593,786	1,544,892
Non-cash receivable adjustments	(234,946)	209,510
Change in Assets and Liabilities		
Receivables, Net	1,420,925	798,776
Deferred Charges and Prepaid Expenses	(7,113)	(1,976)
Accounts Payable	(90,932)	139,667
Compensated Absences	28,623	(1,038)
Deferred Revenue	447,699	(39,200)
Net Cash Used by Operating Activities	<u>\$ (6,767,915)</u>	<u>\$ (8,137,162)</u>

Non-Cash Activities: The College recognized a loss on disposal of assets in the amount of \$33,303 for assets returned to Surplus Property.

See Accompanying Notes

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

Piedmont Technical College (the "College"), a member institution of the South Carolina Technical College System, provides a range of educational programs to meet the needs of the adult population of Greenwood, Abbeville, McCormick, Saluda, Laurens, Newberry and Edgefield counties. Included in this range of programs are technical and occupational associate degree, diploma and certificate curricula that are consistent with the needs of employers in the College's service area. As an integral part of this mission, the College provides a program of continuing education designed to satisfy the occupational demands of employers through retraining and upgrading the skills of individual employees. The College also provides a variety of developmental education programs, support services and offerings to assist students in meeting their personal and professional educational objectives.

B. Reporting Entity

The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB) consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of Piedmont Technical College, as the primary government, and the accounts of Piedmont Technical College Foundation (the "Foundation"), its component unit. The College is part of the primary government of the State of South Carolina. However, based on the nature and significance of the Foundation's relationship with the State of South Carolina, the Foundation is not a component unit of the State of South Carolina.

The Foundation is a legally separate, tax-exempt organization with a self-perpetuating Board of Directors. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The 35 member board of the Foundation is composed of members from the College's seven county region. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests is restricted by the donors to benefiting the College or its students. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a discretely presented component unit of the College. The Foundation's financial information is presented in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a private not-for-profit organization that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation's operations and reporting model are FASB Statement (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The financial information has been obtained from the Foundation and presented for the same periods. Significant note disclosures to the Foundation's financial statements have been incorporated into the College's notes.

A complete set of the financial statements for the Foundation can be obtained by mailing a request to Piedmont Technical College Foundation, P.O. Box 1467, Greenwood, SC, 29648.

C. Financial Statements

The College's financial statements are presented in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the College's net assets, revenues, expenses and changes in net assets and cash flows. During the fiscal year ended June 30, 2008, the College was required to implement GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and GASB Statement No. 50 *Pension Disclosures*.

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship expenses. All significant intra-institutional transactions have been eliminated.

The College has elected not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

F. Deposits

State law requires that a bank or savings and loan association receiving State funds must secure the deposits by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against any loss. To address the custodial credit risk and compliance with the above mentioned law, the College has a written policy that collateral securities are held in the name of the College for any deposits with financial institutions that are in excess of the amount covered by the Federal Deposit Insurance Corporation (FDIC).

G. Investments

The College accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the fair value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net assets.

The College is authorized by the South Carolina Code of Laws, Section 11-9-660, to invest in obligations of the United States and its agencies, obligations of the State of South Carolina and its political subdivisions, collateralized or federally insured certificates of deposit, and collateralized repurchase agreements.

Custodial Credit Risk for investments is the risk that, in the event of the failure of the custodian, the College will not be able to recover the value or will not be able to recover sufficient alternative securities that are in the possession of an outside party. For additional information on the College's procedures relating to custodial credit risk, refer to *Note 3*.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit. Piedmont Technical College does not maintain deposits that are denominated in a currency other than the United States dollar; therefore, the college is not exposed to this risk. It is the policy of the College that all deposits and investments be denominated in United States Dollars.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College has no rated debt investments. The credit risk exposure of the College is limited to the deposits exposure.

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment or the earnings potential of an investment. As interest rates rise during a holding period the price potential purchasers are willing to pay for a lower rate security decreases. The College's investment policies address the selection of securities including certificates of deposit based on the best available rate for the needed term as determined through cash management techniques. The exposure to interest rate risk through stated fixed rates and length of maturity are disclosed in *Note 3*.

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

H. Accounts Receivable

Accounts receivable consists of tuition and fee charges to students, gift pledges and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of an allowance for estimated uncollectible amounts. The allowance for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio.

I. Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions, renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000.

Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

J. Deferred Revenues

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

K. Compensated Absences

The College follows the policy of the State of South Carolina which provides for the accumulation of each employee of up to 45 days of annual leave and 180 days for sick leave at varying rates earned based on years of service. Upon termination of employment, accrued vacation time, limited to 45 days, is paid to the employee; however, rights to accumulated sick leave benefits do not vest and are added to service credit upon termination, up to 90 days.

Unused vacation is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as a component of long-term liabilities in the statement of net assets and as a component of benefit expenses in the statement of revenues, expenses, and changes in net assets.

L. Net Assets

The College's net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net assets - expendable: Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted net assets - nonexpendable: Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

The College's policy for spending either restricted or unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources and then to unrestricted resources.

The Foundation's net assets are classified in accordance with SFAS No. 117 into the following three classes:

Unrestricted net assets are free of donor-imposed restrictions and include all revenues, expenses and losses that are not changes in temporarily or permanently restricted net assets. Unrestricted net assets include the Foundation's operating and plant accounts and board designated funds set aside for investment purposes. The unrestricted designated net assets are subject to the control of the Foundation's Board.

Temporarily restricted net assets include gifts, grants, income, gains and pledges for which donor-imposed restrictions have not been met. These funds are available for scholarships, grants and other approved programs upon satisfaction of the donor-imposed restrictions.

Permanently restricted net assets include gifts and trusts which require that the corpus be invested in perpetuity in accordance with donor restrictions and gains which have been donor-stipulated to be permanently invested.

M. Income Taxes

The College is exempt from income taxes under the Internal Revenue Code.

The Foundation is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.

N. Classification of Revenues

The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues: Operating revenues generally result from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services, housing, and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the College would not otherwise undertake.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

The Foundation has classified and recognized revenue and expenses according to the following criteria:

Revenues are reported as increases in unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are not recorded in the Foundation's financial records, but are accounted for and acknowledged separately.

Expenses are reported as decreases in unrestricted undesignated or unrestricted designated net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted undesignated or unrestricted designated net assets unless their use is restricted by explicit donor stipulation or by law.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Auxiliary Enterprises and Internal Service Activities

Auxiliary enterprise revenues primarily represent revenues generated by bookstore and canteen services. Revenues of internal service and auxiliary enterprise activities and the related expenditures of college departments have been eliminated.

P. Capitalized Interest

The College capitalizes as a component of construction in progress interest cost in excess of earnings on debt associated with capital projects that will be capitalized in the applicable capital asset categories upon completion. The College did not have interest cost during the year ended June 30, 2009, no interest was capitalized.

Q. Comparative Information

The College's statement includes comparative information from the prior year. Certain prior year balances have been reclassified to conform to current year presentation.

NOTE 2 - STATE APPROPRIATIONS

State funds for operations for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the Board) and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner. The following is a detail schedule of State appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2009.

Capital Appropriations	
Allied Health	\$ 256,722
Lottery Technology	<u>383,798</u>
Total Capital Appropriations	640,520
Non-Capital Appropriations	
Current Years Appropriations	
Original Appropriations per Annual Appropriations Act	7,678,370
Other Adjustments	<u>51,048</u>
Total Appropriations Recorded as Current Year Revenue	<u>\$ 8,369,938</u>

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2009

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

The bank balances for deposits of the College at June 30, 2009, were \$18,287,389. Of these, \$1,124,833 is covered by FDIC. In addition, \$16,530,365 is collateralized by securities held by the institution pledged in the College's name. The remaining balance is collateralized by securities held by the agent of the institution pledged in the College's name. The College recognized no loss due to default by counterparties to investment transactions and amounts recovered from prior period losses.

The Foundation reports a book balance of \$147,836 with a bank balance of \$152,557 of which all is covered by FDIC.

Investments

The College's investments as of year-end consisted of certificates of deposits. Details for interest rate and maturity risk exposure are as follows:

<u>Institution</u>	<u>Face rate</u>	<u>Par Value</u>	<u>Maturing</u>
Capital Bank	4.04%	\$ 59,483	September 19, 2009
Palmetto Bank	4.25%	882,191	June 2, 2010
County Bank	3.39%	707,378	July 21, 2009
		<u>\$ 1,649,052</u>	

The Foundation pools assets of restricted and unrestricted funds in order to maximize potential earnings. Income, realized gains and losses, and unrealized gains and losses are allocated among the various funds in the pool of assets. Major classifications in investments at June 30, 2009, are as follows:

<u>Pooled Investments</u>	<u>Cost</u>	<u>Amortized Fair Value</u>
Money Funds	\$ 384,175	\$ 393,422
U.S. Government Securities	404,865	414,059
Corporate Bonds and Notes	402,743	421,767
Domestic Mutual Funds and Securities	1,030,988	956,231
Totals	<u>\$ 2,222,771</u>	<u>\$ 2,185,479</u>

The Foundation's investment income for the year ended June 30, 2009 consisted of \$54,641 in dividends and interest, \$14,560 in realized losses and \$211,446 in unrealized losses.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2009

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

The following schedule reconciles cash and investments as reported in the Statement of Net Assets to the footnote disclosures provided for deposits and investments:

Statement of net assets	
Current assets	
Cash and cash equivalents	\$ 14,646,471
Investments	1,649,052
Total College	<u>16,295,523</u>
Statement of financial position	
Current assets	
Cash and cash equivalents	147,836
Investments	1,623,541
Noncurrent assets	
Investments	561,938
Total component unit	<u>2,333,315</u>
Total reporting entity	<u>\$ 18,628,838</u>
Note disclosure	
Cash on hand	\$ 1,900
Deposits with banks	16,293,623
Total College	<u>16,295,523</u>
Deposits with banks	147,836
Investments	2,185,479
Total component unit	<u>2,333,315</u>
Total reporting entity	<u>\$ 18,628,838</u>

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2009, are summarized as follows:

Student Accounts	\$ 1,347,245
Federal Grants and Contracts	796,085
State Grants and Contract	272,545
Local Government Support	-
Accounts Receivable	<u>2,415,875</u>
Allowance for Uncollectible	<u>(300,000)</u>
Accounts Receivable, Net	<u>\$ 2,115,875</u>

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2009

NOTE 4 - ACCOUNTS RECEIVABLE, Continued

The Foundation's significant receivables include the contributions receivable expected to be collected as follows:

Less than One Year	\$ 197,550
One to Five Years	<u>240,439</u>
Less: Discount to Net Present Value	<u>(26,807)</u>
Net Contributions Receivable	<u>\$ 411,182</u>

These contributions receivable consist of unrestricted, temporarily restricted, and permanently restricted net assets and are deemed to be fully collectible by management. They have been reflected at the present value of estimated future cash flows using a discount rate of 3.49%.

NOTE 5 - CAPITAL ASSETS

	Beginning Balance July 1, 2008	Increases	Decreases	Ending Balance June 30, 2009
Capital Assets Not Being Depreciated:				
Land	\$ 145,475	\$ -	\$ -	\$ 145,475
Construction in Progress	<u>155,406</u>	<u>92,258</u>	<u>-</u>	<u>247,664</u>
Total Capital Assets Not Being Depreciated	<u>300,881</u>	<u>92,258</u>	<u>-</u>	<u>393,139</u>
Other Capital Assets:				
Buildings and Improvements	30,371,137	222,969	-	30,594,106
Machinery, Equipment, and Other	4,880,633	793,434	(355,393)	5,318,674
Vehicles	579,076	-	-	579,076
Intangibles	<u>167,085</u>	<u>14,604</u>	<u>-</u>	<u>181,689</u>
Total Depreciable Assets at Historic Cost	<u>35,997,931</u>	<u>1,031,007</u>	<u>(355,393)</u>	<u>36,673,545</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(13,242,057)	(798,056)	-	(14,040,113)
Machinery, Equipment, and Other	(3,837,681)	(626,029)	322,090	(4,141,620)
Vehicles	(313,990)	(156,995)	-	(470,985)
Intangibles	<u>(136,084)</u>	<u>(12,706)</u>	<u>-</u>	<u>(148,790)</u>
Total Accumulated Depreciation	<u>(17,529,812)</u>	<u>(1,593,786)</u>	<u>322,090</u>	<u>(18,801,508)</u>
Other Capital Assets, Net	<u>18,468,119</u>	<u>(562,779)</u>	<u>(33,303)</u>	<u>17,872,037</u>
Capital Assets, Net	<u>\$ 18,769,000</u>	<u>\$ (470,521)</u>	<u>\$ (33,303)</u>	<u>\$ 18,265,176</u>

The decreases shown were disposals of assets with no sales proceeds.

Depreciation expenses for the current year totaled \$1,593,786.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2009

NOTE 6 - PENSION PLAN(S)

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to Financial Services, South Carolina Retirement Systems, P.O. Box 11960, Columbia, South Carolina 29211. Furthermore, the Retirement System and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

South Carolina Retirement System

The majority of employees of the College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

The required contributions rates from the employees participating in the SCRS were 6.50 percent for fiscal years ended June 30, 2009, 2008, and 2007, respectively. The required contribution rates from the employer were 9.24 percent, 9.06 percent, and 8.05 percent for these same fiscal years, respectively. The College's actual contributions to the SCRS for these fiscal years were equal to the required contributions and amounted to \$1,287,675, \$1,264,518, and \$1,059,156, respectively. In addition, the College, as employer, is required to contribute a surcharge to fund retiree health and dental insurance coverage of 3.50 percent, 3.42 percent, and 3.35 percent for 2009, 2008, and 2007, respectively. As a result the actual contribution rates were 12.74 percent, 12.48 percent, and 11.40 percent for the fiscal years ended June 30, 2009, 2008, and 2007, respectively. Also, the College paid employer group-life insurance contributions of \$20,904 in the current fiscal year at the rate of 0.15 percent of compensation.

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the Retirement Division. Generally all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to the System as a condition of employment. This plan provides annuity benefits as well as disability and group-life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

The required contribution rates from the employees participating in the PORS were 6.5 percent for the fiscal years ended June 30, 2009, 2008, and 2007. The required contribution rates from the employer were 10.65 percent for 2009 and 10.30 percent for 2008 and 2007. The College's actual contributions to the PORS for these fiscal years were equal to the required contributions and amounted to \$8,783, \$7,952, and \$6,366, respectively. In addition, the College, as employer, is required to contribute a surcharge to fund retiree health and dental insurance coverage at a rate of 3.50 percent, 3.42 percent, and 3.35 percent for 2009, 2008, and 2007, respectively. As a result the actual contribution rates were 14.15 percent, 13.72 percent, and 13.65 percent for the fiscal years ended June 30, 2009, 2008, and 2007, respectively. Also, the College paid employer group-life insurance contributions of \$165 and accidental death insurance contributions of \$165 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is 0.20 percent of compensation.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2009

NOTE 6 - PENSION PLAN(S), Continued

Optional Retirement Program

The State Optional Retirement Program (State ORP) was first established as the Optional Retirement Program for Higher Education in 1987. In its current form, the State ORP is an alternative to the defined benefit SCRS plan offered to certain state, public school and higher education employees of the State. The State ORP, which is administered by the South Carolina Retirement Systems, is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by investment providers. The State assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers and are governed by the terms of the contracts issued by them.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.24 percent plus the retiree surcharge of 3.50 percent from the employer in fiscal year 2009.

Employees are eligible for group-life insurance benefits while participating in the State ORP. However, employees who participate in the State ORP are not eligible for post retirement group-life insurance benefits. For the fiscal year, total contribution requirements to the ORP were \$60,818 (excluding the surcharge) from the College as employer and \$42,783 from its employees as plan members. In addition, the College paid to the SCRS employer group-life insurance contributions of \$987 in the current fiscal year at the rate of 0.15 percent of compensation.

Deferred Compensation Plans

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the College have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

Teacher and Employee Retention Incentive

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2005, employees who choose to participate in the TERI Program will be required to make SCRS contributions. Due to the South Carolina Supreme Court decision in *Layman et al v. South Carolina Retirement System and the State of South Carolina*, employees who chose to participate in the TERI Program, prior to July 1, 2005 will not be required to make SCRS contributions.

In addition, the State General Assembly periodically directs the Retirement Systems to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from Systems' earnings; however, a portion of the required amount is appropriated from the State General Fund annually for the SCRS and PORS benefits.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2009

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

Postemployment Benefits

The State provides post-employment health and dental benefits to retired employees and their covered dependents through a plan which has been determined to be a cost-sharing multiple-employer defined benefit post-employment healthcare plan by its trustee, the Comptroller General's Office of the State of South Carolina. The plan is administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). A retiree's eligibility for the health and dental benefits is based on his hire date and years of earned retirement service credit. Generally, ten years of service credit with the SC Retirement System is required for full funding of employees enrolled in the system prior to May 2, 2008. For all others who may become enrolled, eligibility requires fifteen years of service for partial funding and twenty-five years for full funding.

In addition the State provides long-term disability benefits to active employees through the Long-Term Disability Plan which has been determined to be a cost sharing multiple-employer plan by its trustee, the Comptroller General's Office of the State of South Carolina. The plan is administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). Benefits under this plan are provided to the employee upon approval of the disability by the SC Retirement System.

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires the post-employment benefits be funded through annually established employer's contribution rates, also known as the pension surcharge. Funding for the employer's payment of the surcharge is provided through General Appropriations from the State and other sources. Effective May 1, 2008 through Act 195, the State established the South Carolina Retiree Health Insurance Trust Fund and the Long-Term Disability Insurance Trust Fund for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and employee long-term disability benefits. The Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding may include additional State appropriated dollars, accumulated EIP reserves, and income generated from investments. The College's actual contribution to this trust fund for the fiscal year ended June 30, 2009 was \$487,756, which equaled the required contribution rate of 3.50% as discussed in Note 6. The Long-Term Disability Insurance Trust Fund is funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee contributed to the trust was \$3.23 for the fiscal year ended June 30, 2009.

By state law, the State is liable for the employer share of retiree premiums. Accordingly, an annual required contribution and related liability for the College, as employer, is not included in the accompanying financial statements.

Audited financial statements of the trust funds may be obtained by written request to Employee Insurance Program, SC Budget and Control Board, 1201 Main Street, Suite 360, Columbia, South Carolina 29201.

Other Employee Benefits

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to all permanent full-time and certain permanent part-time employees of the College. These benefits are provided on a reimbursement basis by the employer agency based on rates established at the beginning of the service period by the Employee Insurance Program within the SC Budget and Control Board.

The College recorded benefit expenses for these insurance benefits for active employees in the amount of \$1,163,294.70 for the year ended June 30, 2009.

NOTE 8 - RISK MANAGEMENT

The College is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2009

NOTE 8 – RISK MANAGEMENT, continued

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the State itself assumes substantially all the risk for the following claims of covered employees:

- Unemployment compensation benefits
- Worker's compensation benefits for job-related illnesses or injuries
- Health and dental insurance benefits
- Long-term disability and group-life insurance benefits

Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan. See *Note 7* for discussions of amounts paid.

The College and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

- Theft, damage to, or destruction of assets
- Real property, its contents, and other equipment
- Motor vehicles and watercraft
- Torts
- Natural disasters
- Medical malpractice claims against the Infirmary

The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The College obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

NOTE 9 - CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

The College is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of College management, there are no material claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the College's financial position.

The College participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

Project Commitments

As of June 30, 2009 the College had various open project commitments with remaining balances approximating \$924,959. The amount and timing of payment depends on the availability of the vendor and consideration of the inconvenience to students while the work is being performed.

The Foundation utilizes a distance learning satellite system and leases the distance learning technology to partners within a seven county area. All of these leases are fully reimbursed by parties using the system.

Inventories

Effective July 14, 2006, the College outsourced the management of its Campus Shop operations to Barnes & Noble. The contract term was for a period of seven years during which time the College will receive a guaranteed payment from Barnes & Noble and a percentage of sales. At the time of transition Barnes & Noble purchased all sellable inventories from the College.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2009

NOTE 10 - LEASE OBLIGATIONS

Operating Leases

The College uses various pieces of equipment under non-cancellable lease agreements. The terms of the agreements require monthly payments ranging from \$194 to \$630 for terms averaging 60 months. The future minimum lease payments required for these operating leases as of June 30, 2009 were as follows:

<u>Year Ended June 30</u>	
2010	\$ 456,025
2011	429,841
2012	<u>414,097</u>
Total Minimum Lease Payments	<u>\$ 1,299,963</u>

Total rent expense of \$481,032 was recognized for the fiscal year 2009.

Facilities Leased to Others

The College leased certain office space to other State agencies under non-cancellable leases ranging from 12 to 24 months. The monthly lease payments required were determined based on square footage used and ranged from \$2,070 to \$ 3,259. The required future minimum payments to be received are:

<u>Year Ended June 30,</u>	
2010	<u>39,314</u>
Total	<u>\$ 39,314</u>

The College recognized \$63,952 as revenue under these operating leases during the fiscal year ended June 30, 2009.

NOTE 11- ACCOUNTS PAYABLE

Accounts Payable as of June 30, 2009, are summarized as follows:

Accounts Payable	\$ 393,647
Benefits Payable	65,410
Student Deposits	<u>75,502</u>
Total Accounts Payable	<u>\$ 534,559</u>

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2009

NOTE 12 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2009 was as follows:

	June 30, 2008	Addition	Reductions	June 30, 2009	Due Within One Year
Accrued Compensated Absences	1,251,330	414,702	(386,078)	1,279,954	507,878
Total Long-Term Liabilities	<u>\$ 1,251,330</u>	<u>\$ 414,702</u>	<u>\$ (386,078)</u>	<u>\$ 1,279,954</u>	<u>\$ 507,878</u>

NOTE 13 - STUDENT INSTRUCTIONAL FEES

Since the College receives financial support from county, state and federal sources, students pay only a small portion of the total cost of their education. Instructional fees are based on the extent of financial support provided by the county in which the student resides and were as follows for 2009:

Tuition for students from fully supporting counties	\$1,488
Tuition for students from non-fully supporting counties may be increased by a maximum of \$156 for students from counties listed below which contribute only partial support:	
Abbeville, Edgefield, Greenwood, Laurens, McCormick, Newberry and Saluda	\$1,644
Other South Carolina counties	\$1,692
Out-of-State	\$2,292
Out-of-Country	\$3,228

NOTE 14 - OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2009 are summarized as follows:

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction	\$ 8,260,928	\$ 2,140,721	\$ -	\$ -	\$ 2,383,853	\$ -	\$ 12,785,502
Academic support	2,810,172	740,833	-	-	1,690,079	-	5,241,084
Student services	2,310,718	652,347	-	-	191,858	-	3,154,923
Operation and maintenance of plant	755,384	237,779	-	603,034	1,664,887	-	3,261,084
Institutional support	2,207,548	625,955	-	-	1,443,729	-	4,277,232
Scholarships	-	-	4,781,894	-	-	-	4,781,894
Auxiliary enterprises	7,304	1,941	-	-	-	-	9,245
Depreciation	-	-	-	-	-	1,593,786	1,593,786
Total Operation Expenses	<u>\$ 16,352,054</u>	<u>\$ 4,399,576</u>	<u>\$ 4,781,894</u>	<u>\$ 603,034</u>	<u>\$ 7,374,406</u>	<u>\$ 1,593,786</u>	<u>\$ 35,104,750</u>

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2009

NOTE 15 - REQUIRED INFORMATION ON BUSINESS - TYPE ACTIVITIES

The following information is provided in accordance with the South Carolina Office of Comptroller General's 2009 Audited Financial Statement Manual:

	2009	2008	Increase (Decrease)
Charges for services	\$ 25,178,793	\$ 23,546,136	\$ 1,632,657
Operating grants and contributions	2,454,073	3,161,016	(706,943)
Capital contributions	145,000	-	145,000
Less: expenses	<u>(35,138,053)</u>	<u>(34,335,263)</u>	<u>(802,790)</u>
Net program revenue (expense)	(7,360,187)	(7,628,111)	267,924
Transfers:			
Capital appropriations	640,520	9,960,694	(9,320,174)
Non-capital appropriations	<u>7,729,418</u>	<u>-</u>	<u>7,729,418</u>
Change in net assets	1,009,751	2,332,583	(1,322,832)
Net Assets - Beginning, as Restated	<u>31,632,525</u>	<u>29,299,942</u>	<u>2,332,583</u>
Net Assets - Ending, as Restated	<u>\$ 32,642,276</u>	<u>\$ 31,632,525</u>	<u>\$ 1,009,751</u>

NOTE 16 - PRIOR PERIOD ADJUSTMENTS

For the fiscal year ended June 30, 2009, the College continued the student and subsidiary receivables Banner processing system project. The student receivable project was expanded to include grant receivables and a prior period adjustment was made to reconcile the general ledger balances to the supporting detail as follows:

Balance as previously reported, June 30, 2008	\$ 31,867,471
Prior period adjustment for grant receivables	<u>(234,946)</u>
Net assets as of June 30, 2008, Restated	<u>\$ 31,632,525</u>

For the fiscal year ended June 30, 2008, the College reported the following prior period adjustments:

Balance as previously reported, June 30, 2007	\$ 29,090,433
Prior period adjustment for receivables project	<u>209,509</u>
Net assets as of June 30, 2007, Restated	<u>\$ 29,299,942</u>

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2009

NOTE 17 - RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS

Certain separately chartered legal entities whose activities are related to those of the College exist primarily to provide financial assistance and other support to the College and its educational program. Financial statements for these entities are audited by independent auditors and retained by them. They include the Piedmont Technical College Foundation.

Management reviewed its relationship with the Foundation under the existing guidance of GASB Statement No. 14 as amended by GASB 39. Because of the nature and the significance of its relationship with the College, the Foundation is considered a component unit of the College.

The Foundation paid a total of \$261,020 in scholarships and grants to the College. The Foundation reimburses the College for any purchases made by the College on behalf of the Foundation. The College provides office space and management services to the Foundation. The value of this office space and management services totaled \$43,600 for the year ended June 30, 2009.

Piedmont Technical College is one of the partners in network with other educational institutions in the seven county area serviced by Piedmont Technical College in distance learning technology (PEN) for the delivery of classes. Piedmont Technical College paid the Foundation \$396,000 for the use of seventeen rooms and for use of the PEN system.

There were no related receivables or payables as of June 30, 2009.

Other Financial Information

Schedule of Reconciliation of Revenues and Cash
Reimbursements Received from State Board
For the Year Ended June 30, 2009

	STATE SUB FUND CODE	CURRENT FUND	
		UNRESTRICTED	RESTRICTED
NET REIMBURSEMENTS REQUESTED (PER COLLEGE RECORDS)			
State Operational Allocation	1001	\$ 7,678,370	\$ -
Miscellaneous	1001		51,048
State Special Schools	1001		52,264
State Pathways	1001		48,760
Lottery - Equipment	1001		23,443
Lottery - Allied Health	1001		436,010
State Special Schools	3463		1,610
Sale of Assests	3958		11,758
Lottery - Equipment	43B1		360,355
Lottery - Allied Health	43B1		256,722
Lottery - Tuition	43B1		3,269,978
MPLS	43B1		13,183
Apprenticeship	5055		18,597
		<u>\$ 7,678,370</u>	<u>\$ 4,543,728</u>
RECONCILIATION - RECEIPTS TO REQUESTS			
Cash Received from State Board:			
State Operational Allocation	1001	\$ 7,674,707	\$ -
Miscellaneous	1001		51,048
State Special Schools	1001		115,908
State Pathways	1001		54,926
Lottery - Equipment	1001		23,443
Lottery - Allied Health	1001		436,010
Sale of Assets	3958		11,758
Lottery - Equipment	43B1		255,065
Lottery - Allied Health	43B1		373,909
Lottery - Tuition	43B1		3,269,978
MPLS	43B1		8,290
		<u>7,674,707</u>	<u>4,600,335</u>
Add: Reimbursements Receivable at 6/30/09			
State Operational Allocation	1001	3,663	-
State Special Schools	1001		21,279
State Special Schools	3463		1,610
State Pathways	1001		875
Lottery - Equipment	43B1		153,611
MPLS	43B1		4,893
Apprenticeship	5055		18,597
		<u>3,663</u>	<u>200,865</u>
Deduct: Reimbursements Receivable at 6/30/08			
State Special Schools	1001		84,923
State Pathways	1001		7,041
Lottery-Equipment	43B1		48,321
Lottery - Allied Health	43B1		117,187
		<u>-</u>	<u>257,472</u>
		\$ 7,678,370	\$ 4,543,728

PIEDMONT TECHNICAL COLLEGE
Schedule of Local Government Support
For the Year Ended June 30, 2009
(with comparative amounts for the year ended June 30, 2008)

LOCAL GOVERNMENT	2009	2008
Greenwood County	\$ 1,205,098	\$ 1,160,317
Laurens County	203,535	170,000
Abbeville County	158,350	158,250
Newberry County	328,781	319,199
Saluda County	137,710	135,410
McCormick County	86,406	86,242
Edgefield County	85,816	85,816
	<hr/>	<hr/>
Total Support	<u>\$ 2,205,696</u>	<u>\$ 2,115,234</u>

State Compliance Section

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Independent Accountant's Report On State Lottery Tuition Assistance

Members of the Area Commission for Piedmont Technical College
Piedmont Technical College
Greenwood, South Carolina

As a part of our examination of the financial statements of Piedmont Technical College as of and for the year ended June 30, 2009, we reviewed the administrative procedures and internal control related to the State Lottery Tuition Assistance Program to determine that the College administered the program in accordance with State Law and Policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.

A random sample of 40 students was selected from the College's list of financial aid recipients.

We reviewed the student records maintained by the financial aid office of each applicant randomly selected to determine that they contained all necessary information and documentation to determine eligibility. We also determined that any lottery tuition assistance awarded did not exceed the remaining cost of tuition and academic fees for the applicable semester after first applying Pell grants, Federal Supplemental Education Opportunity Grants, South Carolina Need-Based grants, and other applicable grants.

For students included in our sample not receiving funds from the Lottery Tuition Assistance Program, we determined that the students were granted the right to appeal the decision by submitting a written request to the institution's Director of Financial Aid, and determined that the students' requests were handled in accordance with the institution's financial aid procedures as reflected in the student's financial aid record.

We traced amounts to the student account detail to determine that the awarded amounts were identifiably credited to the student's account.

By analytical tools we tested all lottery recipients for the lottery award compliance with restrictions regarding limitations associated with other awards received, amounts received within each term, and eligibility criteria associated with the Life Scholarship program. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

In our opinion, the State Lottery Tuition Assistance Program has been administered in accordance with State Law and Policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.

This report is intended solely for the use of management, the Area Commission for Piedmont Technical College and management of the State Board for Technical and Comprehensive Education and should not be used by anyone other than these specified parties.

Rebeck & Williamson, L.L.P.

September 15, 2009

Single Audit
Act Requirements

Piedmont Technical College
Schedule of Expenditures of Federal Awards
June 30, 2009

FEDERAL GRANTOR Pass-Through Entity Program Title	CFDA Number	Grant No./ Period	Expenditures
U.S. DEPARTMENT OF EDUCATION			
STUDENT FINANCIAL AID CLUSTER:			
Federal Supplemental Educational Opportunity Grant	84.007	2008-09	\$ 192,735.00
Federal Work Study	84.033	2008-09	189,470.90
Federal Pell Grant Program	84.063	2007-08	(258.90)
Federal Pell Grant Program	84.063	2008-09	8,825,630.92
Total Federal Pell Grant Program			<u>8,825,372.02</u>
Total Student Financial Aid Cluster			<u>9,207,577.92</u>
TRIO CLUSTER:			
Student Support Services	84.042	2007-08	59,393.50
Student Support Services	84.042	2008-09	216,131.77
Total Student Support Services			<u>275,525.27</u>
Talent Search	84.044	2006-07	30,618.29
Talent Search	84.044	2007-08	66,239.27
Talent Search	84.044	2008-09	193,904.08
Total Talent Search			<u>290,761.64</u>
Upward Bound	84.047	2007-08	107,411.23
Upward Bound	84.047	2008-09	180,899.41
Upward Bound-LENS	84.047	2007-08	57,683.95
Upward Bound-LENS	84.047	2008-09	167,519.54
Total Upward Bound			<u>513,514.13</u>
Total TRIO Cluster			<u>1,079,801.04</u>
Total Direct Programs			10,287,378.96
PASS-THROUGH SC DEPARTMENT OF EDUCATION:			
Career and Technical Education - Basic Grants to States	84.048	2008-09	393,203.15
Total U.S. Department of Education			<u>10,680,582.11</u>
U.S. DEPARTMENT OF LABOR			
PASS-THROUGH UPPER SAVANNAH COUNCIL OF GOVERNMENTS:			
WIA Adult Program	17.258	2008-09	447,573.00
WIA Dislocated Workers Program	17.260	2008-09	413,176.00
Total WIA			<u>860,749.00</u>
Total U.S. Department of Labor			860,749.00
NATIONAL SCIENCE FOUNDATION			
Education and Human Resources - Remote Lab Grant	47.076	2008-09	45,420.48
Pass-Through Greenville Technical College Education and Human Resources	47.076	2008-09	9,750.00
Total National Science Foundation			<u>55,170.48</u>
TOTAL FEDERAL AWARDS			<u>\$ 11,596,501.59</u>

In addition, the College disbursed \$7,657,272 in Federal Family Education Opportunity Loans (CFDA #84.032), also known as Stafford Loans, on behalf of originating financial entities to students enrolled in the College.

PIEDMONT TECHNICAL COLLEGE
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Piedmont Technical College. The reporting entity is defined in Note 1 of the College's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 2(b) of the College's financial statements.

3. LOAN PROGRAMS

The College has students who have approved loans which were received by those students during the current year. The College is not the lender. The College only processes the loans for the lender that the student chooses. The totals and types of loans received for the current fiscal year are:

Stafford Loans -	Subsidized	\$	4,425,440
	Unsubsidized		3,231,832
			<u>\$ 7,657,272</u>

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**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Controls Over
Compliance in Accordance with OMB Circular A-133**

Members of the Area Commission for Piedmont Technical College
Piedmont Technical College
Greenwood, South Carolina

Compliance

We have audited the compliance of Piedmont Technical College (the "College") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, the College's complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the members of the Area Commission, management and the federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than those specified parties.

DeLoach & Williamson, L.L.P.

September 15, 2009

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**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Members of the Area Commission for Piedmont Technical College
Piedmont Technical College
Greenwood, South Carolina

We have audited the basic financial statements of Piedmont Technical College (the "College") as of and for the year ended June 30, 2009, and have issued our report thereon dated September 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the College's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Area Commission, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Rebeck & Williamson, L.L.P.

September 15, 2009

PIEDMONT TECHNICAL COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2009

Summary of Auditors' Results:

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Piedmont Technical College.
2. No material weaknesses relating to the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Piedmont Technical College were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal awards is reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Controls over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Piedmont Technical College expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Piedmont Technical College are included below in this schedule.
7. Major federal programs:
Student Financial Aid Cluster
 Supplemental Education Opportunity Grant CFDA #84.007
 Federal Work-study CFDA #84.033
 Pell Grants CFDA #84.063
 Academic Competitiveness Grant CFDA #84.375
Career and Technical Education – Basic Grants to States CFDA #84.048
8. The threshold for distinguishing between Type A and Type B Programs was \$347,895.
9. Piedmont Technical College did not qualify as a low risk auditee.

PIEDMONT TECHNICAL COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)

Financial Statement Findings:

None

Federal Awards Findings and Questioned Costs:

No findings or questioned costs.

PIEDMONT TECHNICAL COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2009

Status of Prior Year Findings:

None were reported.